

UEF Meeting Notes January 9, 2005

Welcome and Introductions

- Comments from last meeting

Legislative Update from Representative Ralph Becker:

- Outcome of working group, Legislature appreciated working group efforts
- Leavitt response to energy crisis and pulled together policy of some principles but not a foundation in statute to direct Utah energy policy
- Former deregulation working group moved to look at energy policy for the State – Spring 2005 – highest priority of PUTIC and NRIC joined to look at State's energy policy
- Working group produced a report
- First page set of bullets w. r. t. what the State should be doing
- HB 45 (Decided at joint meeting)
 - 2 Parts of bill
 - Old functions went to new locations
 - Based on discussions forming energy officer position with specific responsibilities to make recommendations to promote Utah's energy future
 - Policy piece direction in State government to guide State policy
- Also two other bills filed ?
 - HB 42 – Extend renewable energy tax credit for five years (and enhance it) to biomass, etc
 - HB 88 – Sets up SBEEP (codifies program)
 - Quality Growth Act --McCathister Fund – This provision would be removed.
- Discussion on HB 46: Rangier: concern from two bills (reflected by just one bill)
 - Legislature whole energy function in one centralized place
 - Concern that no place for energy in comprehensive and complete manner

Update from Chamber Energy Committee (John Kirkham, Co-Chair. Other Co-Chair John Crandall)

- Essential for Chamber to have more actual role in energy
- Two Major ?
 - Rvw become informed with State energy policy as it develops
 - Monitor what is happening at the federal level
 - First meeting was devoted to sum and analysis of EPAC
 - What can state of Utah and businesses do take advantage?
 - Will develop goals for Chamber members can use energy efficiency
 - Will make resolutions on Chamber use of energy efficiency
 - Committee will be proactive in policy development
 - Will encourage members to be educated in energy issues.

Laura Nelson Overview

- RMPs
- Severance Tax
- Role of
 - Labor Shortage
 - ETG in Carbon County
- Add to our website

Questar Presentation:

“Resource Planning, Prices, Energy Efficiency and Conservation Tarriff”

- Adequate, reliable services
- Prices are an issue – Questar prices are the lowest in 48 states (Alabama is lower)
- IRP designed to provide adequate service at a reasonable price
- Deals not projected by all sectors; available resources for natural gas; deals with various pipeline and storage options that are available
- Take factors and run 100 to 200 scenarios (Al Walker: Day to day decreasing about gas)
- Have open public meetings
- Plan filed each year
- Challenges to provide service
 - Daily gas approximately 600,000 decatherms in winter
 - Daily gas approximately 100,000 decatherms in summer
 - Forecast compared to actual weather causes the biggest variation
 - Need Resources and flexibility
 - System designed to meet over one million decatherms with four to five percent safety margin
 - Local market price increase to over \$10 (NYMEX is approximately \$14)
 - Two hurricanes took down more than Questar produced in RM in a day
 - Late summer and early fall disturbance particularly problematic, when needing to prepare for winter
 - Two Pass-through filings each year
 - Bills increased approximately forty percent this year for identical usage
 - Today Questar is servicing sixty-five percent more customers with twenty-five percent fewer employees than in 1990
 - Every year Questar invests approximately \$80 to \$100 million in infrastructure to meet demands
 - Seventy-five percent of bills are purchased gas costs
 - Local well-head purchased for approximately \$5 to \$6 then went for \$9 to \$10
 - Customer reaction to natural gas prices
 - Wages have decreased as prices have increased
 - Conservation is happening. Since 1990 customer usage of natural gas has decreased thirty-six percent

- Fixed costs do not vary with the volume of gas sold but current rate design basis seventy percent recovery on volume sales (?). Small decreases in volume lead to big decreases in Questar fixed cost recovery.
- Questar filed Conservation ? Tariff (CEY) with Public Service Commission
 - Goal is to have customer and company interests and ? conservation aligned.

DSM Working Group

- Questions
 - Day-to-day fluctuations
 - Future of WEXPPU ?
- Uses 22 – 33 TCF, approximately the same amount as in the late 1970's and early 1980's.
- Joint DSM projects
 - Liquid Natural Gas impact on market
 - Potential ? for customers but issues is around development, (e.g. NIBY, air quality, etc.)
 - Natural gas is cleanest fossil fuel therefore is it likely we will see development
 - Economic development implications
 - Impact on small communities (e.g. Beaver, UT - ? premium)
 - As projects occur in rural Utah there are numerous implications

Summary of the Meeting and Future Topics

Arizona and New Mexico – Greenhouse gas reduction in those states.

Wallace Stenger Center will be holding climate change symposium on March 4th.

EPA Particulate Matter Standards Comments

- Opportunity to reduce products and combustion with energy?